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DP/PROJECTS/7459

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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF BANGLADESH

IPF:(1992-96) $163 172 000

(BGD/91/004) - Export Development and Promotion

Date of approval:	29 December 1992
Expected duration:	Three years
Proposed executing agency:	International Trade Centre
Government implementing agency:	Export Promotion Bureau (EPB) (Ministry of Commerce)
Proposed UNDP contribution:	$ 2 706 500 Source of funds: IPF
Total UNDP budget:	$ 2 706 500

Project background

Bangladesh's export base is rather narrow; and until recently, was dominated by jute and jute products, and to a small extent by tea and leather. As international demand and prices for jute having declined consistently since the 1970s, the Government has endeavoured to diversify exports by encouraging development of non-traditional, domestic resource-based exports, (frozen fish and shrimp, leather), as well as exportable products based mainly on imported materials. The first breakthrough in the latter category was in ready-made garment exports, which increased from a negligible amount in 1980/81 to almost (US)$ 610 million in 1989/90 equivalent to about 40 percent of total merchandise exports. The growth in export of non-traditional items has gradually reduced the over-dependence on jute and contributed towards diversification and development of a more stable base of export earnings.

The EPB was assisted in the past to achieve a degree of self-reliance, particularly in export policy formulation, training, trade information and incentive packages. However, this assistance did not take into account the changing needs of the export subsector which include the broadening of the still narrow export base, product and market diversification. The EPB, which remains the only export promotion agency prospect, as trade associations are still in their formative stages and not geared to promotional work on their own, still requires additional assistance in order for it to play this role.

Market contacts and orientation, research, and assistance in establishing joint ventures, licensing agreements, buy-back and other arrangements and other aspects of long-term cooperation in production technology improvement and export marketing are lacking. Buyer contacts in existing markets need to be expanded and export markets diversified. To discharge these additional responsibilities effectively and provide improved services and catalytic support to the exporters, the EPB needs to have the legal status, organizational, functional and staffing structure commensurate with the new tasks and responsibilities as coordinating and leading agency in export development. The EPB needs to divest itself of its regulatory functions and to orient itself to providing services to the exporters in the needed areas. With this in view, its technical capability and effectiveness is to be further upgraded, and links among all participating organizations improved to ensure proper co-ordination and support to the exporting community. An increased involvement of manufacturers and exporters' associations at all stages is called for to ensure, inter-alia, an effective dissemination of project findings, recommendations and results and to bring about a multiplier effect. To this end the Government requested UNDP assistance under the present approval.

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Prior to and during the formulation of the project document, extensive consultations took place between the Export Promotion Bureau, Planning Commission, Economic Relations Division, Ministry of Commerce, International Trade Centre (ITC) and UNDP.

Description of project

The project is intended to contribute to the Government's efforts to diversify and expand non-traditional exports; to improve the institutional infrastructure by upgrading the capacity of the national focal point for export development and by establishing linkage among participating Government and private sector organizations. Specifically, the project will address certain selected product groups (Ready made Garments, Knitwear, Leather and leather products, electronics, vegetables/fruits/flowers, ceramic table wear and jewelry) by improving production techniques, quality control, design and packaging at enterprise level; enlarging their existing export market shares and penetrating into new markets.

Major part of the activities of the proposed Project are directed to the private sector exporting enterprises in the selected product groups and their trade associations. A number of enterprises will be selected for direct assistance in export product and market development, arranging joint ventures, marketing tie ups and other cooperating mechanisms. The benefits will be extended to more exporting enterprises by dissemination seminars in cooperation with the trade associations, and formation of joint working groups with the industry and tarde associations. The Government counterpart agency will be associated in all these activities to upgrade its ability for continued provision of advice and assistance to the exporting private sector enterprises.

At the institution level, the project will assist the Government in the formulation of a coherent and dynamic institutional framework for export development and promotion, and improve its service rendering capability. It will also attempt to revise and upgrade the National Export Training Programme (NETP) and ensure tnat it is fully operational for the period 1993-95.

The strengthening and upgrading of the training capacity and trade information and market intelligence service of the Government counterpart agency will improve the skills of the operatives and executives of the private sector exporting enterprises in export management and market penetration and enable them to obtain information and intelligence relevant to their export business operations.

Inputs

UNDP will provide short-term sectoral consultants (10 work-months), an international project coordinator (24 work-months), UNV programmer (24 work-months), national experts (170 work-months), administrative support, in-depth evaluation mission; fellowships and study tours for Government personnel and private entrepreneurs, local training, publication of manuals and promotional materials, office equipment; and miscellaneous costs.

Financial data

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Personnel	1 962 000
Training	470 000
Equipment	145 500
Miscellaneous	129 000
Total	2 706 500

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